

UNITED WAY OF THE COASTAL EMPIRE, INC.

**Financial Statements
and
Independent Auditor's Report**
For the Year ended June 30, 2021

United Way of the Coastal Empire, Inc.

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of financial position	4
Statement of activities	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8 - 17
Supplemental Information	
Independent auditor's report on internal control over financial reporting and and other matters based on an audit of financial statements performed in accordance with government auditing standards	19 - 20
Independent auditor's report on compliance for each major program and on internal control over compliance required by the uniform guidance	21 - 22
Schedule of expenditures and federal awards	23
Notes to schedule of expenditures and federal awards	24
Schedule of findings and questioned costs	25



Independent Auditor's Report

The Board of Directors
United Way of the Coastal Empire, Inc.
Savannah, Georgia

Report on the Audit of Financial Statements

We have audited the accompanying financial statements of United Way of the Coastal Empire, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Coastal Empire, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022, on our consideration of United Way of the Coastal Empire, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way of the Coastal Empire, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of the Coastal Empire, Inc.'s internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the beginning net assets with donor restrictions and beneficial interest have been restated to correct a prior period misstatement. Our opinion is not modified with respect to this matter.

Hancock Askew & Co., LLP

Savannah, Georgia
June 17, 2022

United Way of the Coastal Empire, Inc.

Statement of Financial Position

<i>June 30,</i>		<i>2021</i>
ASSETS		
Cash and cash equivalents	\$	1,678,484
Campaign receivables, net of allowance for uncollectible accounts of \$402,042		1,991,521
Other receivables		28,616
Prepaid expenses		100,167
Certificates of deposit		108,879
Beneficial interests		19,960,690
Other assets		99,677
Property and equipment, net		1,634,358
Total assets	\$	25,602,392
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$	208,781
Accrued expenses		68,873
Deferred revenues		7,242
Allocations payable		8,640
Due to designated agencies		624
Funds held for disposition		662,510
Total liabilities		956,670
Net assets		
Without donor restrictions		4,391,921
With donor restrictions		20,253,801
Total net assets		24,645,722
Total liabilities and net assets	\$	25,602,392

The accompanying notes are an integral part of these financial statements.

United Way of the Coastal Empire, Inc.

Statement of Activities

For the year ended June 30,

2021

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Campaign Support and Revenue			
Campaign support			
Annual campaign	\$ 6,614,907	\$ -	\$ 6,614,907
Less designations	(1,690,999)	-	(1,690,999)
Less current year provision for uncollectibles	(391,676)	-	(391,676)
Net campaign support	4,532,232	-	4,532,232
Revenues, gains, and other support			
Contributions	860,932	114,429	975,361
Grants	2,000	-	2,000
In-kind contributions	386,030	-	386,030
Special events and miscellaneous	40,693	-	40,693
Administrative income, net	408,039	-	408,039
Rental income	120,070	-	120,070
Investment income, net	5,453	1,444,175	1,449,628
Gain on PPP loan forgiveness	396,700	-	396,700
Total other revenues, gains, and other support	2,219,917	1,558,604	3,778,521
Net assets released from restriction	277,948	(277,948)	-
	7,030,097	1,280,656	8,310,753
Allocations and expenses			
Allocations	1,611,975	-	1,611,975
Community service expenses	1,681,966	-	1,681,966
Administrative and fundraising expenses	2,074,734	-	2,074,734
Total allocations and functional expenses	5,368,675	-	5,368,675
Change in net assets	1,661,422	1,280,656	2,942,078
Net assets, beginning of year	2,730,499	18,973,145	21,703,644
Net assets, end of year	\$ 4,391,921	\$ 20,253,801	\$ 24,645,722

The accompanying notes are an integral part of these financial statements.

United Way of the Coastal Empire, Inc.

Statement of Functional Expenses

For the year ended June 30, 2021

	Allocations	Community Service Expenses			Administration & Fundraising Expenses				Total Allocations & Functional Expenses
	Allocations	Program Services	Community Investment	Total Community Services	Communications	Resource Development (Fundraising)	Management & General	Total Administration & Fundraising Expenses	
Allocations	\$ 1,611,975	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,611,975
Total allocations	1,611,975	-	-	-	-	-	-	-	1,611,975
Salaries	-	788,031	185,698	973,729	123,382	362,534	322,592	808,508	1,782,237
Employee benefits	-	181,671	43,391	225,062	28,534	123,567	69,454	221,555	446,617
Payroll taxes	-	57,526	13,466	70,992	8,401	27,666	23,674	59,741	130,733
Total compensation	-	1,027,228	242,555	1,269,783	160,317	513,767	415,720	1,089,804	2,359,587
Bank/credit card fees	-	113	-	113	-	144	11,373	11,517	11,630
Professional fees	-	112,659	5,500	118,159	20,264	9,665	61,240	91,169	209,328
Supplies	-	3,078	178	3,256	567	791	14,595	15,953	19,209
Telephone	-	16,042	711	16,753	690	2,650	13,945	17,285	34,038
Postage	-	371	-	371	13	3,258	3,830	7,101	7,472
Building expense	-	94,291	7,654	101,945	6,708	11,112	99,373	117,193	219,138
Insurance	-	-	-	-	-	-	11,726	11,726	11,726
Equipment maintenance	-	26,091	5,830	31,921	7,669	5,884	26,523	40,076	71,997
Printing/publications	-	3,098	124	3,222	22,782	21,022	4,705	48,509	51,731
Transportation	-	12,581	428	13,009	2,591	5,202	4,354	12,147	25,156
Conferences and meetings	-	2,025	311	2,336	1,798	2,122	6,520	10,440	12,776
Membership dues	-	6,035	-	6,035	-	746	11,786	12,532	18,567
Staff replacement	-	4,085	261	4,346	651	17	2,272	2,940	7,286
Special events	-	2,510	763	3,273	18,748	1,971	1,923	22,642	25,915
Special projects	-	-	15,995	15,995	-	-	-	-	15,995
Advertising and promotion	-	1,560	779	2,339	17,721	4,358	2,184	24,263	26,602
In-kind advertising	-	-	-	-	386,030	-	-	386,030	386,030
Miscellaneous expense	-	4,983	-	4,983	406	458	9,133	9,997	14,980
United Way of America dues	-	70,010	14,117	84,127	14,013	14,328	13,487	41,828	125,955
Total before depreciation	1,611,975	1,386,760	295,206	1,681,966	660,968	597,495	714,689	1,973,152	5,267,093
Depreciation	-	-	-	-	-	-	101,582	101,582	101,582
Total expenses	\$ 1,611,975	\$ 1,386,760	\$ 295,206	\$ 1,681,966	\$ 660,968	\$ 597,495	\$ 816,271	\$ 2,074,734	\$ 5,368,675

The accompanying notes are an integral part of these financial statements.

United Way of the Coastal Empire, Inc.

Statement of Cash Flows

For the year ended June 30,

2021

Operating activities	
Change in net assets	\$ 2,942,078
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	101,582
Increase in allowance for doubtful pledges	10,370
Unrealized appreciation of investments and beneficial interests	(1,446,034)
Gain on PPP loan forgiveness	(396,700)
Increase in cash surrender value of donated life insurance policy	(11,442)
Changes in	
Campaign receivable	729,345
Other receivables	12,057
Prepaid expenses	24,254
Accounts payable	117,729
Accrued expenses	(2,180)
Deferred revenues	7,242
Allocations payable	(1,819,941)
Due to designated agencies	(582,810)
Funds held for disposition	(35,920)
Cash used in operating activities	(350,370)
Investing activity	
Purchases of property and equipment	(159,121)
Cash used in investing activity	(159,121)
Decrease in cash	(509,491)
Cash, beginning of year	2,187,975
Cash, end of year	\$ 1,678,484

The accompanying notes are an integral part of these financial statements.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

1. Nature of Activities

The mission of United Way of the Coastal Empire, Inc. (United Way or the Organization) is to improve lives by mobilizing the caring power of communities. The United Way provides voluntary leadership for a network of organizations and individuals, which assesses human service needs, develops resources to meet those needs and assures their effective use for the well-being of the people it serves. The United Way provides an organizational structure to conduct an annual fundraising campaign which benefits numerous human service programs. While a major function of United Way is the raising of funds and allocation of funds to the programs of other agencies, the United Way also provides direct programs such as 2-1-1, Hands on Savannah, United Way Volunteers and various client services at the Bryan, Effingham, and Liberty locations.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

United Way reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets with donor restrictions contain donor-imposed restrictions stipulating those resources either be maintained until a specified date, be maintained in perpetuity, or be used for a specified purpose. Resources that must be maintained in perpetuity are considered endowment funds and unless specifically restricted by the donor, the earnings on investments are available to be used at the discretion of the Board of Directors. All other net assets with donor restrictions that are not perpetual in nature contain donor-imposed restrictions that permit United Way to use or expend the donated assets as specified. The restriction is satisfied either by the passage of time or by actions of the United Way.

Net assets without donor restrictions include all resources that are not subject to donor-imposed restrictions. Certain of these resources have been designated by United Way's Board of Directors for specific purposes and are disclosed in Note 6. The Board of Directors can release these designations at its discretion. All other unrestricted resources are included in undesignated net assets without donor restriction.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period the contributions or the unconditional promise is received. Unconditional promises to give that are expected to be collected within one year are reported at their net realizable value. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in purpose restricted or perpetual in nature, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends, or purpose restriction is accomplished) restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported as net assets without donor restrictions in that period.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (cont.)

Contributions (cont.)

Non-monetary contributions are recorded at estimated fair value at the date of receipt.

A number of volunteers have contributed significant amounts of time to United Way's program services and its fundraising campaign; however, no amounts have been reflected in the accompanying financial statements for such contributed services as the services do not meet the criteria for recognition as contributions under accounting principles generally accepted in the United States of America. Donated advertising promoting the Organization's annual campaign and programs from local media providers is recorded at its estimated fair market value as of the date received.

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The new standard, as amended, supersedes existing revenue recognition guidance and applies to all entities that enter into contracts to provide goods or services to customers, requiring them to account for revenue from contracts with customers under a single five-step model. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date. The standard was adopted by the organization, effective July 1, 2020. The change in accounting principle was adopted on a modified prospective basis. As a result, there was no cumulative effect adjustment to opening net assets as of the beginning of the reporting period. United Way's revenue streams that are accounted for as exchange transactions within the scope of ASC 606 mainly include administrative income.

The majority of administrative income recognized by United Way in fiscal year 2021 related to the management of Emergency Rental Assistance funds (ERA) and Coronavirus Aid, Relief, and Economic Security Act (CARES) funds on behalf of Chatham County and the City of Savannah. In exchange for the management of these funds within program provisions, United Way earned a percentage fee to defray administrative costs. During the year funds were periodically disbursed to United Way, at which point the Organization recognized income relative to the amount of funds under their care.

The majority of United Way's revenues are unconditional contributions and investment income, which are not included in the scope of ASC 606.

The Organization also periodically receives advance payments for tenant rents at their Savannah, Georgia headquarters and Effingham County service center, which results in deferred revenue (contract liabilities) on the statement of financial position. Lease income is not included within the scope of ASC 606. Deferred revenues represent consideration received from the lessee prior to the satisfaction of the related performance obligation. The deferred revenue is relieved as (or when) the performance obligation is satisfied. Other Receivables (contract assets) represent amounts due from tenants for circumstances in which the performance obligation has already been satisfied but payment has not yet been received.

Pledges Receivable and Allowance for Uncollectable Pledges

Pledges receivable represent the balance of annual United Way campaign receivable at June 30, 2021. All pledges are due within one year. The allowance for uncollectible pledges is computed as a percent of annual campaign pledges received. This percentage is based on historical figures and current local economic conditions.

2. Summary of Significant Accounting Policies (cont.)

Funds Due to Designated Agencies and Funds Held for Disposition

Overall campaign results are reduced by contributions that are fundraised by United Way, but the donor has specified another non-profit organization as the beneficiary. The United Way is considered an agent for these designated organizations and, as such, treats the pledges as liabilities to those non-profits.

The United Way has also entered into agreements with certain local organizations to hold and administer funds on their behalf. In certain instances, the United Way may recognize a fee relative to the management of these funds based on the provisions of the respective agreement. These funds held for disposition are reported as liabilities on the statement of financial position. The receipt of these funds by United Way are not reported in the results of the annual campaign.

Cash and Cash Equivalents

United Way considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents placed with investment managers are classified as investments.

Beneficial Interest Agreements

United Way has a beneficiary interest in the Herschel Jenkins Trust accounted for in net assets with donor restrictions as a Charitable Foundation Beneficial Interest in a perpetual trust. The interest is irrevocable, and the underlying assets are held by a third party. The fair value recognized on the date the interest was initially determined, was calculated using a discount rate which approximates the rate of return on similar securities. Fair value is calculated annually and changes in the fair value are recognized as increases or decreases in investment income with donor restrictions in the statement of activities. Distributions taken from the Trust are reported in contributions without donor restrictions. See Note 3 for a further discussion on the Herschel Jenkins Trust.

United Way is the beneficiary of a fund held and administered by Savannah Community Foundation, Inc., a local community foundation. The funds are not subject to the control or direction of the United Way. The funds represent pooled investments accounted for as a beneficial interest. This beneficial interest is reported on the statement of financial position at fair value. United Way's estimated fair value is based on fair value information received from the community foundation. Net appreciation or depreciation in the fair value of these pooled investments are reported in investment income in net assets with donor restrictions in the statement of activities. There were no distributions received from the fund during the year ended June 30, 2021.

Certificates of Deposit

Certificates of deposits are reported at cost plus accrued interest, which approximates fair value.

Fair Value

United Way applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements used to measure fair value.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

2. Summary of Significant Accounting Policies (cont.)

Fair Value (cont.)

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets.

Level 2 - Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Tax Status

United Way has been recognized by the Internal Revenue Service (IRS) as exempt from federal tax under Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on activities unrelated to its exempt purpose. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Accounting principles generally accepted in the United States of America require management to evaluate the tax positions taken by United Way and recognize a tax liability (or asset) if the Organization has an uncertain tax position that more likely than not would be sustained upon examination by the IRS. Management has concluded that as of June 30, 2021, there are no uncertain tax positions taken or expected to be taken by United Way that would require recognition of a liability (or asset) or disclosure in the financial statements. Management believes that it is no longer subject to income tax examinations for years beginning prior to 2018.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. United Way capitalizes expenditures on capital assets greater than \$1,000 and the purchase benefits more than one year. The basis of evaluation for depreciable assets is cost if purchased or fair value if contributed. Depreciation is computed using the straight-line method over the estimated useful lives of the property and equipment as follows:

	Years
Buildings	39
Building improvements	3 – 39
Equipment and fixtures	3 – 10

Donations of property and equipment are reported as net assets without donor restrictions unless the donor has restricted the asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

United Way reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable.

2. Summary of Significant Accounting Policies (cont.)

Prepaid Expenses and Other Assets

Prepaid expenses generally include in-advance expenditures related to organizational insurance policies and software licenses. These expenditures are amortized over their contract terms. United Way is also a beneficiary of a donated life insurance policy. The cash surrender value of this policy is reported as an other asset on the statement of financial position. See Note 8 for additional information on this policy.

Functional Allocation of Expenses

The statement of functional expenses present expense by function and natural classification. Expenses directly attributable to a specific functional area of United Way are reported as expenses of those functional areas. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; building expenses, insurance, equipment maintenance, professional fees, and miscellaneous expenses, which are allocated based on usage.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimates.

Risks and Uncertainties

United Way has beneficial interests in trusts and foundations that invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported as investments.

3. Herschel Jenkins Trust

In his last will and testament, Herschel V. Jenkins, one of the original founders of the United Way of the Coastal Empire, established a trust known as the Herschel Jenkins Irrevocable TUW III(5) (Herschel Jenkins Trust). Bank of America, N.A. (the Trustee) was named to serve as Trustee. United Way was named the primary beneficiary of the Trust. Under the terms of the will, the Trustee will invest the Trust's assets and will pay proceeds from the net income of the Trust to the beneficiaries at least annually. The Trust distributes approximately \$1,500 of its income to other organizations annually, and United Way is entitled to the remainder of the income from the Trust. Disbursements are generally used to defray administrative costs of the Organization.

In 2021, it was determined that the corpus of Herschel Jenkins Trust should be recorded as beneficial interest to United Way. An adjustment was made to beginning net assets with donor restrictions and beneficial interest to account for the correction of an error for \$18,240,000.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

3. Herschel Jenkins Trust (cont.)

The underlying assets held and invested by the Trustee are various equity securities, bonds and other investments chosen at the discretion of the Trustee, United Way records only one asset, the beneficial interest in the trust, such asset is classified as a level three asset in the valuation hierarchy. The fair value is measured by the net present value of the expected future distributions from the Trust. During 2021, the calculation assumed a long-term return on assets of 7% and long-term inflation rate of 3% for a net capitalization rate applied to trailing trust income of 4%. On June 30, 2021, the estimated fair value of the United Way's interest in the Trust was \$19,600,000. It is reasonably possible that a change in this estimate of value will occur in the next year. The original value of the corpus of the Trust at the time of the bequest was \$15,000,000 and is recorded as permanently restricted. United Way's beneficial interest which exceeds this original bequest, \$4,600,000 at June 30, 2021, is recorded as temporarily restricted as such amount represented undistributed investment earnings.

The United Way is entitled to all income from the trust each year after the small distributions to other organizations, however, has historically had an agreement with the Trustee whereby annual distributions are determined by the Trustee and are calculated based on a 3-year average of the Trust's fair value of assets. The distribution rate in effect for United Way during the year ended June 30, 2021 was 4%. During 2021, United Way received \$860,932 in distributions from the Trust, which are reported as contributions without donor restriction on the statement of activities.

4. Property and Equipment

Property and Equipment consisted of the following as of June 30, 2021:

Land	\$	190,000
Building and improvements		3,334,734
Equipment and fixtures		595,846
		<u>4,120,580</u>
Less: accumulated depreciation		<u>2,486,222</u>
Total	\$	<u>1,634,358</u>

Depreciation expense for property was \$101,582 for the year ending June 30, 2021.

5. Fair Value of Financial Instruments

Valuation Hierarchy

The following table presents assets that are measured at fair value on a recurring basis on June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets				
Certificates of deposits	\$ 108,879	\$ -	\$ -	\$ 108,879
Beneficial interests in assets held by others	-	-	19,960,690	19,960,690
Total assets measured at fair value	\$ 108,879	\$ -	\$ 19,960,690	\$ 20,069,569

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

5. Fair Value of Financial Instruments (cont.)

The beneficial interest from Herschel Jenkins Trust is a Level 3 asset. The assets are valued using the income approach by discounting the expected future payments from the Trust. Savannah Community Foundation holds a pooled investment account for United Way that is classified as beneficial interest. The assets are valued based on the United Way's percentage of marketable securities invested by the fund.

United Way's beneficial interest in funds held at the Savannah Community Foundation are considered by United Way to be Level 3 investments because they represent receivables to be paid from the investments managed by Savannah Community Foundation. Investment management fees deducted from the funds held at the Savannah Community Foundation were \$3,152 during 2021.

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the assets falls is determined based on the lowest level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The categorization of an asset within the hierarchy is based on the pricing transparency of the asset and does not necessarily correspond to the United Way's perceived risk of liquidity for that asset.

The table below sets forth a summary of changes in the fair value of United Way's Level 3 investment assets for the years ended June 30, 2021.

Level 3 Investment Assets						
		Herschel Jenkins Trust		Savannah Community Foundation		Total Beneficial Interests
Balance, July 1, 2020	\$	18,240,000	\$	276,516	\$	18,516,516
Net investment return		2,220,932		84,174		2,305,106
Distributions		(860,932)		-		(860,932)
Balance, June 30, 2021	\$	19,600,000	\$	360,690	\$	19,960,690

The following table presents the qualitative information about the unobservable inputs used in the recurring Level 3 measurements at June 30, 2021:

	Fair Value at June 30, 2021	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Beneficial interests in assets held by others	\$ 19,960,690	Fair value of underlying assets	Timing of realization	N/A

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

6. Board Designated Net Assets

Certain of United Way's net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

<i>June 30,</i>		2021
Agency Emergency Fund	\$	20,756
Agency Capacity Building		12,466
Breakthrough Opportunities		49,033
	\$	82,255

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the specified following purposes:

<i>June 30,</i>		2021
Women United	\$	25,734
Hands on Savannah		36,958
211 Funds		53,137
Child Sex Trafficking Task Force		8,487
Liberty Backpack Buddy Program		24,319
Read United		13,200
Richardson Prostate Cancer Fund		14,115
Gynecologic Cancer Fund		990
Serenity Garden Fund		1,742
Total purpose restricted net assets		178,682
Herschel Jenkins Trust Cumulative Earnings		4,600,000
Savannah Community Foundation Beneficial Interest		360,690
Total temporarily restricted net assets	\$	5,139,372

During 2021, United Way was informed of and received a distribution of \$114,429 from the E.J. & E.M. Derst Charitable Remainder Annuity Trust (Derst Trust). The Derst Trust stipulates that the funds received by United Way be maintained in perpetuity and that the earnings of those funds are to be spent only for capital improvements. At June 30, 2021, the funds received by United Way were held in the Organization's cash account and were subsequently invested with the Savannah Community Foundation.

8. Cash Surrender Value of Life Insurance

The United Way is the owner and beneficiary of an insurance policy on the lives of certain supporters of United Way. The policy has a death benefit of \$500,000 and a cash surrender value of \$99,677 as of June 30, 2021. The cash surrender value is reported as other assets on the statement of financial position.

United Way of the Coastal Empire, Inc.

Notes to Financial Statements

9. Employee Benefit Plan

The United Way offers an employee savings plan, covering employees who meet certain minimum age and service requirements. The United Way contributed a one-half match of participants' contributions up to 3% of eligible compensation. Employer contributions for the year ended June 30, 2021 were \$138,054.

10. Advertising Expenses

The United Way expenses advertising costs as incurred. Advertising expenses were \$412,632 in fiscal year 2021.

11. Concentration of Credit Risk

The United Way occasionally maintains deposits in excess of federally insured limits. Accounting standards identify these items as a concentration of credit risk requiring disclosure regardless of the degree of risk. Uninsured deposits approximate \$1,196,000 as of June 30, 2021. This risk is managed by maintaining all deposits in high quality financial institutions.

Approximately 24% of campaign contributions for the year ended June 30, 2021 are related to one organization in Savannah, Georgia. Approximately 27% of campaign receivables outstanding at June 30, 2021 were due from the same organization.

12. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position sheet date, comprise the following:

Financial assets at year-end		
Cash and cash equivalents	\$	1,678,484
Certificates of deposits		108,879
Campaign and other receivables		2,020,137
Total		3,807,500
Less amounts not available to be used for general expenditures within one year		
Funds held for disposition		662,510
Financial assets available to meet general expenditures within one year	\$	3,144,990

For purposes of analyzing resources available to meet general expenditures over a 12-month period, United Way considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

13. Payroll Protection Program Loan

On April 29, 2020, United Way received a Paycheck Protection Program (PPP) loan of \$396,700 from a commercial bank, pursuant to the PPP administered by the Small Business Administration (SBA) pursuant to the Coronavirus Aid Relief and Economic Security Act (CARES Act).

United Way applied for full forgiveness of the loan in January 2021, which was accepted and approved in February 2021. The Company recorded a gain on PPP loan forgiveness for the year ended June 30, 2021.

14. COVID Considerations

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on United Way's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, United Way is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the remainder of fiscal year 2022.

15. Subsequent Events

The Organization has evaluated subsequent events through June 17, 2022, the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
United Way of the Coastal Empire, Inc.
Savannah, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of United Way of the Coastal Empire, Inc. (a nonprofit organization) (the Organization), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated June 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hancock Asken & Co., LLP

Savannah, Georgia
June 17, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

The Board of Directors
United Way of the Coastal Empire, Inc.
Savannah, Georgia

Report on Compliance for Each Major Federal Program

We have audited United Way of the Coastal Empire, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hancock Asken & Co., LLP

Savannah, Georgia
June 17, 2022

United Way of the Coastal Empire, Inc.

Schedule of Expenditures and Federal Awards

June 30, 2021

Federal Grantor/Pass-Through Grantor? Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Amount Passed Through to Subrecipient	Amount of Federal Expenditures
Capital contributions				
Department of the Treasury Pass through Chatham County, GA COVID-19 - Coronavirus Relief Fund	21.019	N/A	\$ 355,999	\$ 800,000
Pass through the City of Savannah, GA COVID-19 - Coronavirus Relief Fund	21.019	N/A	2,195,277	3,300,000
Pass through Chatham County, GA COVID-19 - Emergency Rental Assistance	21.023	N/A	-	1,494,837
Total federal expenditures			\$ 2,551,276	\$ 5,594,837

*Major program as defined by United States Office of Management and the Uniform Guidance.
See notes to schedule of expenditures of federal awards.

United Way of the Coastal Empire, Inc.

Notes to Schedule of Expenditures and Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of United Way, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of United Way.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 2 CFR Part 230, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Contingencies

These federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and may affect United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although United Way expects such amounts, if any, to be immaterial.

4. Indirect Cost Rate

United Way has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

United Way of the Coastal Empire, Inc.

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting			
Material weakness identified?	_____ yes	_____ <u>X</u> _____	no
Significant deficiency identified not considered to be material weaknesses?	_____ yes	_____ <u>X</u> _____	none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> _____	no

Federal Awards

Internal control over major programs			
Material weakness identified?	_____ yes	_____ <u>X</u> _____	no
Significant deficiency identified not considered to be material weakness?	_____ yes	_____ <u>X</u> _____	none reported
Type of auditor's report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section .510(a)?	_____ yes	_____ <u>X</u> _____	no

Identification of major programs

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
21.019	COVID-19 – Coronavirus Relief Fund
21.023	COVID-19 – Emergency Rental Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	_____ yes _____ <u>X</u> _____ no